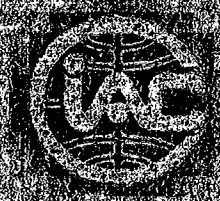
ANACONDA

ROD MILL PLANT

COLUMBIA FALLS, MONTANA



INTERNATIONAL ENGINEERING COMPANY, INC.

INTERNATIONAL APPRAISAL COMPANY

April 11, 1978

Mr. Norman W. Proctor
Manager, Compliance and
Administration
THE ANACONDA COMPANY
1271 Avenue of the Americas
New York, New York 10020

Re: Rod Mill
Columbia Falls, Montana

Dear Mr. Proctor:

Pursuant to your request, we submit an appraisal report relative to this property. A personal inspection of the real estate and of local conditions has been made by members of our staff with analyses of all relevant data being utilized in determining the estimate of market value.

The following report, including exhibits, fully describes the method of approach and contains all pertinent data gathered in our investigation of the subject.

After careful consideration, we have concluded that the fair market value of the subject property as of January 1, 1978, is:

FIVE HUNDRED TWELVE THOUSAND DOLLARS

($512,000)

We certify that we have no present or contemplated future interest in the subject property and that our employment and compensation are in no way contingent upon the value reported.

Reviewed and Approved By:

Paul D. Roberts, C.T.A.
Senior Vice President

Respectfully submitted,

Richard A. Kulman
I.F.A.S., C.R.A.
Senior Appraiser

Joseph P. Rich
Senior Appraiser

PDR/RAK/JPR/dlm
Enclosure

cc: Mr. David L. Harris

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject:	The Anaconda Company Rod Mill Plant Columbia Falls, Montana	
Tax Map Reference:	Parcel No. 1 TR3BA IN S2	
Land Area:	8.42 Acres	
Improvements:	A 51,192 Square Foot Industrial Building With An Interior Rail Dock	
Appraisal Date:	January 1, 1978	
Value Indications:	Cost Approach	$529,000
	Income Approach	$410,000
	Market Data Approach	$512,000
Concluded Value:	$512,000	
Allocated:	Land	$ 12,600
	Improvements	499,400
	Total	$512,000

PURPOSE OF APPRAISAL

The appraisal was made for the purpose of estimating the market value of the subject property, including land and improvements, as of January 1, 1978.

PROPERTY RIGHTS APPRAISED

The property rights appraised are all rights existing in fee simple as of the appraisal date. These rights are the legal and economic properties of the owner that may rightfully be exchanged for money or equivalent goods. Property rights inherent in the ownership of tangible personal property, and intangible benefits of the property itself, are not the subject of this report.

MARKET VALUE

Market value is "the highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he considers his own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in cash or its equivalent;
5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale;
6. the price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction."[1]

[1]The American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers, Real Estate Appraisal Terminology, Cambridge, Massachusetts, c. 1975, p. 137.

CONTINGENT AND LIMITING CONDITIONS

The appraisers assume no responsibility for matters legal in character, nor renders any opinion as to the title, which is assumed to be good. The legal description, if any furnished, is assumed to be correct. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

The appraisers relied primarily on the Factory Insurance Association's plot plan drawing for building dimensions. The accuracy of the Factory Insurance layout was checked with Factory Insurance personnel who conducted the survey. It was also checked against various plot plan and individual building drawings furnished by Anaconda. A final "spot-check" was made by physically measuring several of the buildings.

Verification of factual matters contained in this report, has been made to the extent deemed practicable. The appraisers certify, that to the best of their knowledge and belief, such factual matters are true and correct and that no important factors affecting the value of this property were knowingly overlooked or withheld. Market data has been taken from sources deemed to be reliable. The resultant estimate of market value is predicated on the financial structure prevailing as of the date of value.

This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may all or any part of the contents of this report be conveyed to the public through advertising, public relations, news, sales or other media, without written consent and approval of the authors, particularly as to the value conclusions, and the identity of the appraisers or firm with which they are connected.

CONTINGENT AND LIMITING CONDITIONS (Continued)

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The appraisers shall not be required to give testimony or appear in court by reason of this appraisal, unless specific arrangements for these services are otherwise arranged.

This appraisal report has been made in conformity with and is subject to the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors, the National Association of Independent Fee Appraisers and the American Society of Appraisers.

THE APPRAISAL PROCESS

An appraisal is an estimate of value. In order to arrive at this estimate the appraiser follows an orderly procedure by which the appraisal problem is defined; the work necessary to solve the problem is planned; and the data involved is acquired, classified, analyzed, interpreted and translated into an estimate of value. This entire procedure is referred to as the appraisal process.

In determining the value estimate of a parcel of real estate the appraisers consider three separate but interrelated approaches to value. These are the Cost, Income and Market Data Approaches. In the Cost Approach the appraisers estimate either the reproduction cost-new or the replacement cost-new of the improvements and then deduct accrued depreciation (physical deterioration, functional and economic obsolescence) to arrive at a depreciated cost to which is added the value of the land.

In the Income Approach the appraisers first determine the gross potential income for the property from which are deducted allowances for vacancy and credit losses as well as operating expenses in order to arrive at a net income. This net income is then converted into value through a process known as capitalization.

The Market Data Approach is primarily a comparative method whereby the appraisers extract from the market similar properties that have sold. These properties or comparables are then adjusted to the subject and a final interpretation is then made in order to arrive at a value for the subject. Since the Market Data Approach is based upon the reaction of informed buyers and sellers, it is this methodology that is used to ascertain the various components in both the Cost and Income Approaches.

Only under optimum conditions when all factors affecting value are in balance will the value estimates arrived at by the three approaches coincide. Under normal market conditions the values arrived at by one or even two approaches will be more significant than the value arrived

THE APPRAISAL PROCESS (Continued)

at by the others. Unless the appraisers are dealing wild a special-purpose property which makes the use of one or two of the approaches impractical it is pertinent that all three approaches be utilized as each approach acts as a check and balance on the others. When the value estimate under each of the approaches has been determined the appraisers then correlate them and give greatest credence to that approach which most accurately reflects the value of the property.

LEGAL DESCRIPTION

For the purpose of this report, we shall identify the land under review by means of the tax assessment property description. The true legal descriptions for all the parcels included are of such volume that it is impracticable to attempt to include them in this section of our report.

Rod Mill Site

Parcel No. 1 TR3BA IN S2

03 30 20 No. 0003017
School District 06
Account No. 0014160

ZONING

The Rod Mill site is not located within the existing planning and zoning area now covered by the present existing code. However, the City-County Planning Commission is actively preparing an overall master plan or code which it hopes to have ready for approval shortly. At present, someone contemplating a sizable improvement would have to meet with the City-County Officials in order to discuss the project's merits; and the availability of the full range of utility services. In most cases a sizable project would require the expansion of existing utilities.

AREA DATA

Columbia Falls, situated in central Flathead County is located in northwest Montana within the Flathead Valley. Bordering the Valley on the east are the Rocky Mountains and Glacier National Park. To the south is Flathead Lake, one of the largest bodies of fresh water west of the Mississippi River.

The Flathead Valley is accessible by rail and/or highway. Rail service is provided by the Burlington Northern Railway Company. The main east-west line of the Burlington Northern passes through Whitefish and Columbia Falls in the northern portion of the Valley. Amtrak furnishes passenger service with daily stops from east and west of Whitefish. Freight service is provided to Kalispell and Somers over a branch line extending south from Columbia Falls.

Kalispell is intersected by two primary U.S. Highways. U.S. 93 is a major north-south route which traverses the Valley. It extends from Mexico to Alaska. U.S. Highway 2 is a major transcontinental highway which crosses the northern section of the country.

Flathead County is experiencing a marked surge in the rate of population growth. The county population has increased by twenty (20%) percent in the decade between the 1960 and 1970 Census. Current data indicates that the county population is growing by approximately 1,500 persons per year. It appears evident that barring a major economic recession, the county population will surpass 50,000 persons prior to the end of 1978 and should reach about 55,000 before the end of the decade and the 1980 Census. The primary factor that serves to constrain an even larger increase in population growth, is the shortage of full-time non-seasonal jobs. Additional industrial development would expand the economic base and provide the impetus to greatly accelerate the rate of population growth.

A high rate of unemployment has long plagued the economy of Flathead County. Historically, this has been due largely to the seasonal nature of such sectors as agriculture, the timber industry, and the

AREA DATA (Continued)

effect of seasonal tourism on retail trade and services. More recently, growth of the total civil labor force, as a result of the secondary family worker and population growth has exceeded the growth of the employed labor force. This factor has also added to unemployment. While certain unique factors, such as an abnormally high rate of unemployment, effect the local economy, local conditions are also largely a reflection of the national and regional situations. Nation-wide inflation, recession and energy shortages directly affect the local economy.

The trend locally is toward large farms, with the small acreage farm falling by the wayside. The trend, coupled with the conflicting land use demands will probably result in a slight reduction of the farm land base. There appears to be no relief in sight for high prices. These factors together suggest the agricultural sector will probably remain about "status quo" in terms of employment, while earnings should increase in the long run, although yearly fluctuations will occur. This trend is unlikely to have a significant impact on other sectors of the local economy, and certainly offers no solution to the unemployment dilemma.

Manufacturing has steadily grown to the largest sector in terms of earnings and employment in the county. Wood products represent fifty-five (55%) percent of that employment and primary metals (aluminum) twenty-eight (28%) percent. Since 1977, there has been expansion of both portions, particularly the fiberboard plant constructed in 1973 and 1974 by Plumb Creek Lumber Company.

The primary metals segment of the manufacturing sector is subject to weather conditions that affect electric power availability, but a recent economic study foresees continuation of a major rate in the local economy:

AREA DATA (Continued)

> "It is recognized that the aluminum industry is subject to change in technological innovations, in sources and costs of supplies and in competition from other materials. Unless general cost-price relationships within the industry, as well as those in this particular plant change appreciably, it appears reasonable to expect the Anaconda Aluminum Reduction Plant to continue its sizeable contribution to the Flathead County economy."

In summary, the manufacturing sector has shown signs of saturation as evidenced by increased unemployment, combined with restricted industrial expansion as a result of the past recession and continued inflation.

It is an obvious conclusion that if population estimates are correct, an increase in primary employment will have to occur. This essentially means industrial expansion. If the population does increase as estimated and a current level of unemployment continues, industry would not have to play a greater role, but would have to expand somewhat even to remain "status quo" in the economy. If population estimates are correct, and a stable (normal) unemployment rate is to be reached, expansion of the manufacturing sector beyond current capabilities would be necessary.

Recent trends tend to indicate that industrial expansion and unemployment have remained somewhat stable and the estimated population growth, as anticipated, will not take place.

HIGHEST AND BEST USE

Highest and Best Use is defined by these appraisers as the most likely use for which there is a current market and which may be reasonably expected to provide the greatest net return over a given period of time.

The subject is not situated within a zoning district but the present use is both adjacent to and dependent upon a related industrial use.

The site is not adjacent to or within close proximity to any interstate or limited access highway, but is served by rail. Utilities presently serving the site, which are interruptable, are essential for heavy industrial usage. However, major cutbacks in power have been announced for 1981.

In view of the economic and physical character of the area industrial usage, in one form or another, represents the only productive use aside from lumber, forestry, and agriculture to which the site could be used either now or in the foreseeable future. Also, conversion of the structure to a use other than industrial would be both too costly and uneconomical. Therefore, the Highest and Best Use of the site is for the present use as an industrial facility.

LAND EVALUATION

Primary to the appraisal of property is the Land Evaluation. Although land and buildings are physically joined and most market sales and rental data of heavy industrial properties are for land and buildings combined, it is nevertheless required that a separate land value be allocated for the subject. This is necessary in the Cost Approach and in certain capitalization techniques in the Income Approach where land and building values are separated.

Although the land value is an allocation of the total property value and the overriding concern is, therefore, the value of the land and buildings combined, the comprehension of the appraisal problem generally becomes easier when the contribution of land and buildings to the total value are realized.

The method most often used in estimating land value is a direct comparison of the subject site with recent comparable sales of vacant land.

In establishing a unit value for the subject parcel consisting of 8.42 acres, an investigation was made in the vicinity of the subject in search of large land sales having similar characteristics to the subject.

Sales of land as they appear on the following pages, have been assembled for the purpose of providing a comparative basis for the value estimate of the subject site.

LAND EVALUATION (Continued)

Comparable Land Sale No. 1

Address:	Northeast Corner of Aluminum Road and North Fork Road
Date:	October, 1971
Grantor:	Anaconda Company
Grantee:	Robert Balahiser
Sale Price:	$9,600
Land Area:	32 Acres
Unit Price:	$300 per Acre
Comments:	Being Improved with Residentials

LAND EVALUATION (Continued)

Comparable Land Sale No. 2

Address:	Section 20, Township 30, Range 20 166 Feet from Intersection County Road, Kinsey Property
Date:	June, 1973
Grantor:	Gerald Gifford
Grantee:	Max Staheli
Sale Price:	$10,000
Land Area:	Ten Acres
Unit Price:	$1,000 per Acre
Comments:	Being Improved With Farming

LAND EVALUATION (Continued)

Comparable Land Sale No. 3

Address:	Section 20, Township 30, Range 20 166 feet from intersection County Road, Kinsey Property, adjacent to Staheli Property.
Date:	June, 1973
Grantor:	Gerald Gifford
Grantee:	Jerry Vicks
Sale Price:	$10,000
Land Area:	Ten Acres
Unit Price:	$1,000 per Acre
Comments:	Being Improved With Residentials

LAND EVALUATION (Continued)

Comparable Land Sale No. 4

Location:	Columbia Falls, Montana
Date:	June 18, 1975
Grantor:	Dehlbom Estate
Grantee:	Anaconda Company
Sale Price:	$200,000
Area:	160 acres
Unit Price:	$1,250
Comments	Purchased as a result of a law suit. Grantor assumed life estate.

LAND EVALUATION (Continued)

Comparable Land Sale No. 5

Location:	Columbia Falls, Montana
Date:	November 19, 1974
Grantor:	Weiner & Knapp
Grantee:	Anaconda Company
Sale Price:	$20,000
Area:	32.57 acres
Unit Price:	$614
Comments:	Adjacent to Anaconda property

LAND EVALUATION (Continued)

Sale No.	Date of Sale	Land Area Acres	Sale Price	Unit Price
1	10/71	32	$ 9,600	$ 300
2	6/73	10	10,000	1,000
3	6/73	10	10,000	1,000
4	6/75	160	200,000	1,250
5	11/74	32.57	20,000	614

Sales Analysis

We have researched the preceding land sales, located within the general area of the subject; and adjustments were made by these appraisers as to time lapse, access to public roads, location, general utility, and zoning restrictions, if any.

Sale Nos. 2 and 3 were considered the more comparable to the subject relative to size. Sale Nos. 1 and 5 tend to support the premise that larger parcels typically sell at a lower unit value subject to degree of comparable utility. Sale No. 4 while the most recent sale, reflects the premium paid as a result of litigation. It is the opinion of these appraisers that this sale sold well above market.

Therefore, based upon the preceding sales and analysis, the subject 8.42 acres has an indicated per unit value of $1,500 per acre.

Therefore:

8.42 acres x $1,500/ac.	=	$12,630
Indicated Value of Land		$12,630
	Rounded To:	$12,600

COST APPROACH

One of the major approaches to value is the Cost Approach which is based upon the proposition that the cost to reproduce or replace is an indication of value. Inherent to this approach is the principle of substitution which holds that no person will pay more for a property than the amount for which he can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility.

In application of the Cost Approach the appraiser first estimates either the reproduction cost-new or the replacement cost-new of all improvements. He then estimates in dollars the varying amounts of accrued depreciation which is comprised of physical deterioration, functional obsolescence and economic obsolescence. The total depreciation is subtracted from the reproduction cost-new or the replacement cost-new estimate in order to arrive at a depreciated cost estimate. The depreciated cost estimate is then added to the land value to arrive at a total indicated value.

Following the description of the improvements is a cost analysis of the subject. In determining these improvement costs the appraisers have utilized the nationally accepted pricing manuals, such as Marshall and Swift's Marshall Valuation Service, R. S. Mean's Building Construction Cost Data and the Dodge Building Cost Calculation and Valuation Guide in connection with current cost pricing developed by the engineering staff of International Appraisal Company, Incorporated.

Subsequent to this will be an analysis of accrued depreciation and lastly the land value will be added to the depreciated cost to arrive at a final estimate of value under the Cost Approach.

COST APPROACH (Continued)

Description of Improvements

Building

Type:	One-Story Industrial
Use:	Rod Mill
Built:	1967
Area:	51,192 Square Feet
Foundation:	Reinforced Concrete
Walls:	Concrete Block, Corrugated Aluminum and Industrial Projected Steel Sash Windows
Floors:	Concrete
Roof:	Built-up on Steel Deck on Trusses
Frame:	Steel
Lighting:	Mercury Vapor and Incandescent; Fluorescent in Office Area
Heating:	Gas Fired Furnace with Ducts and Unit Heaters
Plumbing:	Standard
Partitions:	Office Area - Metal and Glass
Loading Dock:	Two Track Interior Railroad Siding, Drive-In Truck Door

COST APPROACH (Continued)

Reproduction Cost - Building

Excavation and Foundation	$ 38,640
Exterior Walls	160,582
Roof Structure	198,881
Roof Cover	27,843
Frame	107,964
Floor Structure	61,369
Floor Covering	5,910
Ceiling	18,752
Interior Components	24,434
Heating, Ventilation and Air Conditioning	22,730
Electrical and Lighting	61,369
Plumbing	35,799
Total Reproduction Cost-New	$764,273

COST APPROACH (Continued)

Yard Improvements

Fencing:	2,870 Linear Feet	$ 16,669
Railroad Siding:	1,400 Linear Feet	40,320
Exterior Lighting:	15 Poles	14,592
Asphalt Paving:	52,000 Square Feet	27,456
Concrete Curbs:	375 Linear Feet	1,566
Concrete Sidewalks:	500 Square Feet	360
Concrete Paving:	6,000 Square Feet	8,640
Retaining Wall:	100 Linear Feet	225
Total Yard Improvements:		$109,828

COST APPROACH (Continued)

Depreciation

Reproduction cost is the estimated cost of reproducing a property new using the same or closely similar materials at current prices. Subtracted from this cost estimate is an item known as depreciation, and to the remainder is added the value of the land in order to arrive at a final estimate of value.

Depreciation or accrued depreciation as used in the appraisal of real estate is a reduction from reproduction cost. It is the difference between reproduction cost from the date of appraisal and the value from the date of appraisal.

Depreciation falls into three major categories: physical deterioration, functional obsolescence, and economic obsolescence. Both physical deterioration and functional obsolescence are due to internal causes within the property itself. Each of these categories may be further divided into classifications of curable and incurable items. Economic obsolescence is based upon external factors.

The loss in value from each of the forms of depreciation are as follows:

1. Physical Deterioration -- Loss of value resulting from wear, tear, disintegration, use in service, and action of the elements.
2. Functional Obsolescence -- Loss in value caused by factors inherent in the property itself such as overcapacity, inadequacy, technological changes, etc.
3. Economic Obsolescence -- Loss in value caused by factors external to the property itself, those over which the property has no direct influence.

COST APPROACH (Continued)

Physical Deterioration

Physical Deterioration is most often a matter of observation by the appraisers. Many factors are observed, weighed, and considered to arrive at a final judgment of the percentage of depreciation from new conditions: physical condition of floors, walls, ceilings, roofs, operating equipment, settlement rate, action of the elements on the structure, and numerous others. In the present instance, subject property shows the effects of long exposure to the very heavy wear and tear suffered from use in a heavy industry subject to extreme cold, extreme heat, rough handling of heavy weight, continued vibration from equipment, among other things.

We have computed physical deterioration for the subject utilizing the age life method, the straight line method, observations made during inspection and a combination of each.

Functional Obsolescence

Functional obsolescence is both a matter of observation and knowledge of the particular needs of the industry. The subject was specifically built for its present use as a rod mill plant; however, at the time of construction, it was operated by a separate division of the Anaconda Company. As such, it was separated from its source of materials, i.e., molten aluminum, thus resulting in additional movement of material from the casting area in the adjoining reduction plant. The molten aluminum is transferred in buckets by fork-lift trucks. Had the building been situated near the casting area, much movement would have been eliminated.

This eleven year old structure contains a two track, interior rail siding capable of handling four railroad cars. However, the tracks run parallel to the loading area, and the far track can only be

COST APPROACH (Continued)

Functional Obsolescence (Continued)

utilized if an empty freight car is along side and the loading doors meet each other so the material can be moved from the loading platform through one freight car into the other.

In addition, the ceiling height of the structure is 27', which is far too high by present day building standards. A height of 18' to 20' would be more than adequate to meet not only the needs of the present user, but most industrial users as well.

Based upon the foregoing, we have calculated functional obsolescence at 10 percent.

Economic Obsolescence

Economic obsolescence is a loss in value due to adverse influence arising from outside the property. Its adverse influence may affect the land value, the improvement value, or both.

A property will be free of economic obsolescence when:

1. All of the market conditions, especially the forces of supply and demand are in balance.
2. The land and improvements are contributing a proportionate share to property value.
3. There is no degree of market rejection, except for physical deterioration and functional obsolescence previously calculated.

Currently, there is a soft market for all industrial space regardless of size. This is attributed to the recessionary period experienced during the past several years and the fuel crisis which has had its effects on all industry throughout the country.

COST APPROACH (Continued)

Economic Obsolescence (Continued)

The appraisers have also considered that, even in a normal market, there is a holding period of one to two years in marketing industrial facilities. The carrying costs of additional wear and tear, repairs and maintenance expenses, interest, and taxes are easily converted into a value loss.

In the case of the region in which the subject is situated, there has been market rejection for industrial properties. This has been evidenced by both properties older and newer than the subject, having condition and building configuration equal to or superior to the subject which have exceeded the calculable limitations employed in estimating physical deterioration and functional obsolescence.

Also, the lack of nearby sources of raw materials and markets for finished goods in the western sector of Montana adds additional complications in marketing any type of industrial property.

In view of the foregoing, we have concluded the economic obsolescence to be 15 percent.

COST APPROACH (Continued)

Depreciation Schedule - Rod Mill

	Area	Unit Cost	Reprod. Cost-New	Physical %	Deterioration Amount	Depreciated Cost Before Obsolescence	Func. Obso.	Depreciated Cost Before Economic Obsolescence
Building	51,192 SF	$ 14.93 SF	$764,273	20	$152,855	$611,418	$61,142	$550,276
Site Improvements								
Fencing	2,870 LF	$ 5.81 LF	$ 16,669	50	$ 8,335	$ 8,334	-0-	$ 8,334
Railroad Siding	1,400 SF	$ 28.80 LF	40,320	50	20,160	20,160	-0-	20,160
Yard Lights	15 Poles	$972.80 Pole	14,592	35	5,107	9,485	-0-	9,485
Asphalt Paving	52,000 SF	$ .53 SF	27,456	50	13,728	13,728	-0-	13,728
Concrete Curbs	375 LF	$ 4.18 LF	1,566	50	783	783	-0-	783
Concrete Sidewalks	500 SF	$ .72 SF	360	50	180	180	-0-	180
Concrete Paving	6,000 SF	$ 1.44 SF	8,640	50	4,320	4,320	-0-	4,320
Retaining Wall	100 LF	$ 1.25 LF	225	40	90	135	-0-	135
Total Site Improvements			$109,828	48% Avg.	$ 52,703	$ 57,125	-0-	$ 57,125
Total All Improvements			$874,101	23.56% Avg.	$205,558	$668,543	$61,142	$607,401

*Unit costs are listed for convenience only and may not compute exactly due to rounding.

COST APPROACH (Continued)

Summary

Reproduction Cost Building		$ 764,273
Site Improvements		109,828
Total		$ 874,101
Less:		
Physical Deterioration Buildings	$ 152,855	
Yard Improvements	52,703	
Depreciated Improvement Value Before Obsolescence		$ 668,543
Less:		
Functional Obsolescence		61,142
Depreciated Improvement Value Before Economic Obsolescence		$ 607,401
Less:		
Economic Obsolescence 15%		91,110
Depreciated Value of Improvements		$ 516,291
Land Value		12,600
Total Value		$ 528,891
Rounded To:		$ 529,000

INCOME APPROACH

In utilizing the Income Approach to value, the appraisers are concerned with the present worth of the future potential benefits of a property. This is generally measured by the net income which a fully informed person is warranted in assuming the property will produce during a foreseeable period. This net income is next capitalized into an estimate of value. The Income Approach requires the assembling and processing of various income and expense data, to wit:

1. Estimating a rent schedule and percentage of occupancy for the subject property. This generally provides gross rental data and trends in rental and occupancy.

2. Obtaining rent schedules, occupancy and expense analyses of comparable properties.

3. Estimating expense data and operating costs for the subject property, if possible.

4. Selecting the appropriate capitalization rate and the applicable technique for processing the net income.

Since the subject property is owner occupied, we have established an economic rental derived from the current local and regional markets on which to base a hypothetical leasing arrangement. Plants the size and composition of the subject can be leased two ways: as a single facility to a single user; or the alternative manner, subdivision to meet the needs of smaller users. Both were considered by the appraisers.

The appraisers undertook an extensive investigation of the industrial real estate market existing in the subject's immediate and regional areas. This was done because the potential user of the subject property would most likely come from either the subject's local area or one of the nearby industrialized metropolitan centers.

The first step in the Income Approach is to determine the proper economic income for the subject property.

INCOME APPROACH (Continued)

> "Market rent (or economic rent) is the rental income that a property would most probably command on the open market as indicated by current rentals being paid for comparable space (as of the effective date of appraisal)."[2]

The appraisers have, therefore, gathered some recent comparable industrial rentals and offerings which appear on the following pages.

[2]The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, Real Estate Appraisal Terminology, Cambridge, Massachusetts, c. 1975, p. 136.

INCOME APPROACH (Continued)

Comparable Rental No. 1

Location:	Triangle Building Corner of Utah and Platinum Butte, Montana
Date:	Current (February, 1978) Month-to-Month
Lessor:	Christie Transfer and Storage Company
Lessee:	1) T. J. Lamphier 2) Cannon, Inc. 3) Vacant
Rental:	1) $137.50/Mo. x 12 = $1,650 An. Gross $ .84/Sq. Ft. Net Net 2) $155.00/Mo. x 12 = $1,860 An. Gross $ .96/Sq. Ft. Net Net 3) $285.00/Mo. x 12 = $3,420 An. Gross $ .84/Sq. Ft. Net Net
Floor Area:	1) 1,380 Square Feet 2) 1,360 Square Feet 3) 2,700 Square Feet
Comments:	This is an older, multi-purpose industrial building which has been converted to multi-tenancy.

INCOME APPROACH (Continued)

Comparable Rental No. 2

Location:	400 East Platinum Butte, Montana
Date:	Month-to-Month (February, 1978) No Lease
Lessor:	Youlden Estate
Lessee:	Golden Rule, Inc.
Rental:	$200/Mo. x 12 = $2,400 Annual Net Net $.51/Sq. Ft. Net Net (Rounded)
Floor Area:	4,732 Square Feet
Comments:	Typical small multi-purpose manufacturing, storage and distribution improvement. See Comparable Rental No. 3.

INCOME APPROACH (Continued)

Comparable Rental No. 3

Location:	400 East Platinum Butte, Montana
Date:	Month-to-Month (February, 1978)
Lessor:	Youlden Estate
Lessee:	Universal Distributors, Inc.
Rental:	$250/Mo. x 12 = $3,000 Annual Net Net $.60/Sq. Ft. Net Net (Rounded)
Floor Area:	5,070 Square Feet (Two Floors and Basement, Elevator)
Comments:	Brick office, storage, and distribution areas; older, multi-purpose industrial improvement with multi-tenants. See Comparable Rental No. 2.

INCOME APPROACH (Continued)

Comparable Rental No. 4

Location:	602 East Aluminum Butte, Montana
Date:	May, 1973 Second Five-Year Term Ending May 1, 1978 - Negotiating
Lessor:	Christie Transfer and Storage Company
Lessee:	Nabisco Corporation
Rental:	$5,700 per Annum
Floor Area:	9,640 Square Feet
Unit Rent:	$.59 per Square Foot Net
Comments:	Typical small manufacturing, storage, and distribution improvement; multi-purpose with multi-tenants. See Comparable Rental No. 5.

INCOME APPROACH (Continued)

Comparable Rental No. 5

Location:	602 East Aluminum Butte, Montana
Date:	May, 1973 Second Five-Year Term Ending May 1, 1978 - Negotiating
Lessor:	Christie Transfer and Storage Company
Lessee:	Monitor Distributing Corporation
Rental:	$6,600 per Annum
Floor Area:	10,400 Square Feet
Unit Rent:	$.64 per Square Foot
Comments:	See Comparable Rental No. 4.

INCOME APPROACH (Continued)

Comparable Rental No. 6

Location:	949 South Montana Butte, Montana
Date:	February 14, 1973 Five-Year Lease Ending June 30, 1978
Lessor:	Milwaukee Railroad - In Bankruptcy Receivership
Lessee:	Westinghouse Supply Company
Rental:	$9,300 per Annum
Floor Area:	18,620 Square Feet
Unit Rent:	$.50 per Square Foot
Comments:	This is a typical small multi-purpose industrial building with rail and truck-loading facilities. 5,880 square foot office area. Entire area is heated. Currently utilized as warehouse.

INCOME APPROACH (Continued)

Comparable Rental No. 7

Location:	Corner of Grand and Garfield Butte, Montana
Date:	November, 1972
Lessor:	Raymond Corporation
Lessee:	Coca-Cola Bottling Company
Rental:	$10,660 per Annum
Floor Area:	19,200 Square Feet
Unit Rent:	$.56 per Square Foot Net
Comments:	This is a modern metal building, 80' x 240', with air-conditioned office area, manufacturing, storage, and distribution.

INCOME APPROACH (Continued)

Comparable Rental No. 8

Location:	The Industrial Park of Butte Butte, Montana
Date:	7/1/75 to 7/1/80
Lessor:	Butte Local Development Corp.
Lessee:	Westinghouse Electric
Rental:	$15,170 per Annum
Land Area:	5.5 Acres
Building Area:	8,200 Square Feet 8.8 Percent Office Area
Unit Rent:	$1.85 per Square Foot Net
Comments:	Modern high one-story steel on steel building. Formerly occupied by General Electric at $1.85 per square foot with option to purchase at $1.85 per square foot.

INCOME APPROACH (Continued)

Comparable Rental No. 9

Location:	1200 E. Front Street Butte, Montana
Date:	Current (February, 1978)
Lessor:	Mell Otto
Lessee:	N/A
Rental:	$12,900/Annum - Lessee Pays Taxes and Insurance
Land Area:	42,023 Square Feet
Building Area:	10,725 Square Feet 22 Percent Office Area
Unit Rent:	$1.20 per Square Foot
Comments:	One-story lightweight concrete plant construction. See Comparable Sale No. 7.

INCOME APPROACH (Continued)

Comparable Rental No. 10

Location:	The Industrial Park of Butte Butte, Montana
Date:	7/1/75 (20 Year Term)
Lessor:	Butte Development Corp.
Lessee:	Ashton Printing and Engineering
Rental:	$46,816 per Annum
Land Area:	1 Acre
Building Area:	26,600 Square Feet
Unit Rent:	$1.76 per Square Foot Net
Comments:	Formerly occupied by Westinghouse at a rate of $1.85 per square foot net. Modern one-story steel on steel, manufacturing space.

INCOME APPROACH (Continued)

Comparable Rental No. 11

Location:	The Industrial Park of Butte Butte, Montana
Date:	Month-to-Month 6/4/71 - 15 Years
Lessor:	Port of Butte
Lessee:	United Parcel Service Gamble-Robins
Rental:	$1,500 per Year $30,000 per Year
Land Area:	5.5 Acres
Building Area:	7,500 Square Feet 25,000 Square Feet
Unit Rent:	$.20 per Square Foot Net $1.20 per Square Foot Net
Comments:	Modern one-story steel on steel building; light manufacturing and warehouse space. Remainder of building occupied by Lessor.

INCOME APPROACH (Continued)

Comparable Rental No. 12

Location:	800 13th Avenue, South Great Falls, Montana
Date:	1976
Lessee:	Service Auto Glass
Rental:	$8,100 per Annum Net
Land Area:	16,500 Square Feet
Building Area:	6,000 Square Feet
Unit Rent:	$1.35 per Square Foot Net
Comments:	Lease term is five years. See Comparable Sale No. 12.

INCOME APPROACH (Continued)

Comparable Rental No. 13

Location:	River Drive, Within Railroad Industrial Yard Great Falls, Montana
Date:	November 1, 1976
Lessor:	R.M.C., Inc. (Harold Paulson)
Lessee:	Owl H. C. Smith Construction Company
Rental:	$18,000 per Annum
Land Area:	1 Acre
Building Area:	12,000 Square Feet
Unit Rent:	$1.50 per Square Foot
Comments:	Lessor is responsible for structural and exterior repairs. Lease term is 21 months ending July 31, 1978 with six month renewal option at same terms. Land is owned by Burlington Northern, Inc. and leased to R.M.C., Inc. at an annual rental of $900 per month. (Burlington Northern Lease No. 221,734)

INCOME APPROACH (Continued)

Comparable Rental No. 14

Location:	38th Street and North River Road Great Falls, Montana
Date:	August 15, 1976
Lessor:	Thomas Mather Associates (Original) Patrick Paul (Present)
Lessee:	Owl H. C. Smith Construction Company
Rental:	$36,000 per Annum
Land Area:	5.08 Acres
Building Area:	30,000 Square Feet
Unit Rent:	$1.20 per Square Foot of Building Area
Comments:	Net lease expires August 14, 1978. See Comparable Sale No. 18.

INCOME APPROACH (Continued)

Comparable Rental No. 15

Location:	Former A.B.M. Missile Site Nine Miles East of Conrad, Montana
Date:	November, 1975
Lessor:	Economic Development Corporation of Pondera County
Lessee:	Cascade Coach Company
Rental:	$14,100 per Annum
Land Area:	5 Acres
Building Area:	47,000 Square Feet
Unit Rent:	$.30 per Square Foot
Comments:	Largest of five buildings comprising this former A.B.M. Missile Site which was acquired from the U. S. Government. The remaining four buildings range in size from 5,000 to 7,000 square feet and are leased at annual unit rentals of $.85 to $1.25 per square foot of building area. All leases are net of taxes, which are paid by the Lessor and amount to less than $3,000 per annum on the entire complex. The Cascade Coach lease expires in November, 1978 and the Economic Development Corporation of Pondera County has advised that upon renewal the unit rental will be increased to a unit amount of between $.85 and $1.00 per square foot, net of taxes.

INCOME APPROACH (Continued)

Comparable Rental No. 16

Location:	2600 West Broadway Missoula, Montana
Date:	September, 1976
Lessor:	John Doyle
Lessee:	Snappy Radiator
Rental:	$3,960 per Annum
Land Area:	10,000 Square Feet
Building Area:	1,536 Square Feet
Unit Rent:	$2.57 per Square Foot
Comments:	Space leased is rear portion of 4,380 square foot building. Lease is for 10 years with Lessor paying taxes, insurance and exterior maintenance. See Comparable Rental No. 17.

INCOME APPROACH (Continued)

Comparable Rental No. 17

Location:	2600 West Broadway Missoula, Montana
Date:	October, 1976
Lessor:	John Doyle
Lessee:	Petrolane Gas Service
Rental:	$6,600 per Annum
Land Area:	10,000 Square Feet
Building Area:	2,844 Square Feet
Unit Rent:	$2.32 per Square Foot
Comments:	Space leased is front portion of 4,380 square foot building. Lease is for 10 years with Lessor paying taxes, insurance and exterior maintenance. See Comparable Rental No. 16.

INCOME APPROACH (Continued)

Comparable Rental No. 18

Location:	1700-1702 Rankin Street Missoula, Montana
Date:	February, 1975
Lessor:	Keith Wright
Lessee:	Western Equipment
Rental:	$8,712 per Annum
Land Area:	8,660 Square Feet
Building Area:	5,280 Square Feet
Unit Rent:	$1.65 per Square Foot
Comments:	Space leased is a portion of 15,360 square foot building on 25,820 square feet of land. Lessee pays all utilities and Lessor pays taxes, insurance and exterior maintenance. Rental is adjusted by cost of living index every two years. Present rental is $10,860 or $2.06 per square foot. See Comparable Rental No. 19.

INCOME APPROACH (Continued)

Comparable Rental No. 19

Location:	1700-1702 Rankin Street Missoula, Montana
Date:	April, 1975
Lessor:	Keith Wright
Lessee:	Northeast Pipe and Fittings
Rental:	$17,438 per Annum
Land Area:	17,160 Square Feet
Building Area:	10,080 Square Feet
Unit Rent:	$1.73 per Square Foot
Comments:	Space leased is a portion of a 15,360 square foot building on 25,820 square feet of land. Lessee pays all utilities and Lessor pays taxes, insurance and exterior maintenance. Rental is adjusted by cost of living index every two years. Present rental is $21,408 per annum or $2.12 per square foot. See Comparable Rental No. 18.

INCOME APPROACH (Continued)

Comparable Rental No. 20

Location:	936 Strand Missoula, Montana
Date:	September, 1975
Lessor:	Val Holms (Original) Edward Flink (Present)
Lessee:	Missoula Motor Parts
Rental:	Original - $17,280 Present - $19,075
Land Area:	20,820 Square Feet
Building Area:	9,600 Square Feet
Unit Rent:	Original - $1.80 per Square Foot Present - $1.99 per Square Foot
Comments:	Net lease for a 10 year term with cost of living adjustment at two year intervals. See Comparable Sale No. 18.

INCOME APPROACH (Continued)

Comparable Rental No. 21

Location:	2801 Charlo Street Missoula, Montana
Date:	1) February 1, 1976 2) May, 1976
Lessor:	Keith Wright
Lessee:	1) General Services Administration (U. S. Forest Service) 2) Montana Oxygen & Welding Supplies
Rental:	1) $9,056 2) $5,880 per Annum
Building Area:	1) 9,240 Square Feet 2) 3,120 Square Feet 12,360 Square Feet
Unit Rent:	1) $ .98 per Square Foot 2) $1.88 per Square Foot
Comments:	Lessees pay utilities and Lessor pays taxes, insurance and exterior maintenance. GSA lease calls for monthly rental at end of the month. Lease expires July 31, 1978. Montana Oxygen lease expires April 30, 1978 and is renewable with cost of living increase.

INCOME APPROACH (Continued)

Comparable Rental No. 22

Location:	End of Charlo Street Missoula, Montana
Date:	February 1, 1976
Lessor:	Keith Wright
Lessee:	General Services Administration
Rental:	$15,054 per Annum
Building Area:	15,360 Square Feet
Unit Rent:	$.98 per Square Foot
Comments:	Lessee pays all utilities and Lessor pays taxes, insurance and exterior maintenance. Rental is paid monthly at end of month. Lease expires July 31, 1978.

INCOME APPROACH (Continued)

Comparable Rental No. 23

Location:	Moore Lane Billings, Montana
Date:	August, 1977
Lessor:	John Foote
Lessee:	Marion Power Shovel, Inc.
Rental:	$23,700 per Annum
Land Area:	52,313 Square Feet
Building Area:	10,000 Square Feet
Unit Rent:	$2.37 per Square Foot
Comments:	Steel framed metal structure containing 700 square feet of office area, minimal plumbing and space heaters. Lease is for 10 years with Lessor paying taxes, insurance and exterior repairs.

INCOME APPROACH (Continued)

Comparable Rental No. 24

Location:	Moore Lane Billings, Montana
Date:	July, 1977
Lessor:	John Foote
Lessee:	Nash Brothers, Inc. (T/A Dorn-Nash Tractors)
Rental:	$17,800 per Annum
Land Area:	50,000 Square Feet
Building Area:	10,000 Square Feet
Unit Rent:	$1.78 per Square Foot
Comments:	Steel framed metal structure with minimal office area, plumbing and space heaters. Lessor responsible for taxes, insurance and exterior maintenance.

INCOME APPROACH (Continued)

Comparable Rental No. 25

Location:	516 18th Street Billings, Montana
Date:	Mid 1976
Lessor:	Centennial Enterprises
Lessee:	Western Paper
Rental:	$21,600 per Annum
Land Area:	51,848 Square Feet
Building Area:	12,000 Square Feet
Unit Rent:	$1.80 per Square Foot Net
Comments:	One-story steel framed metal warehouse structure with dock height floors. Improvements were constructed new in 1976 at a cost of $180,000 including the land.

Extraction of Overall Capitalization Rate

Net Income		Cost-New		Overall Cap. Rate
$21,600	÷	$180,000	=	12.0%

INCOME APPROACH (Continued)

An investigation of the industrial real estate market in the Columbia Falls/Kalispell area did not reveal any rentals of industrial property. Further, in analyzing the real estate markets in the industrial centers of the State it was observed that the unit rentals obtained for industrial space had a direct bearing on the amount and type of industrial activity being conducted.

The rentals obtained as reflected in the foregoing comparables were primarily for space substantially smaller in size than the subject, although one rental did approximate the subject in size and several were 50± percent as large. However, the locations of these rentals were not truly comparable to the subject being located in different economic areas of the State.

The design and physical characteristics of the subject make it highly conducive to both light and heavy industrial usage. Also, the building could possibly be adapted to suit the needs of a number of small tenants.

Having analyzed the foregoing rentals and the economy of the area and discussing the industrial real estate markets of the State with resident industrial Realtors, the appraisers are of the opinion that if the subject were placed on the rental market the maximum gross rental that could be obtained is $1.35 per square foot.

Therefore:

51,192 SF @ $1.35 Square Feet	$69,109

INCOME APPROACH (Continued)

Economic Rental Income		
51,192 SF @ $1.35/SF (Avg.) per Annum		$ 69,109
Less 5% Allowance for Vacancies and Loss of Income		3,455
Effective Income		$ 65,654
Less Owner Incurred Expenses		
Management and Professional Fees	$3,283	
Exterior Repairs	2,048	
Insurance	1,024	
Miscellaneous Expenses, Contingencies and Reserves	985	
Total		7,340
Economic Net Income Before Real Estate Taxes and Recapture		$ 58,314

INCOME APPROACH (Continued)

Capitalization Rate Analysis

The final step in the Income Approach is capitalization which is "the process of correcting into present value (or obtaining the present worth of) a series of anticipated future periodic installments of net income."

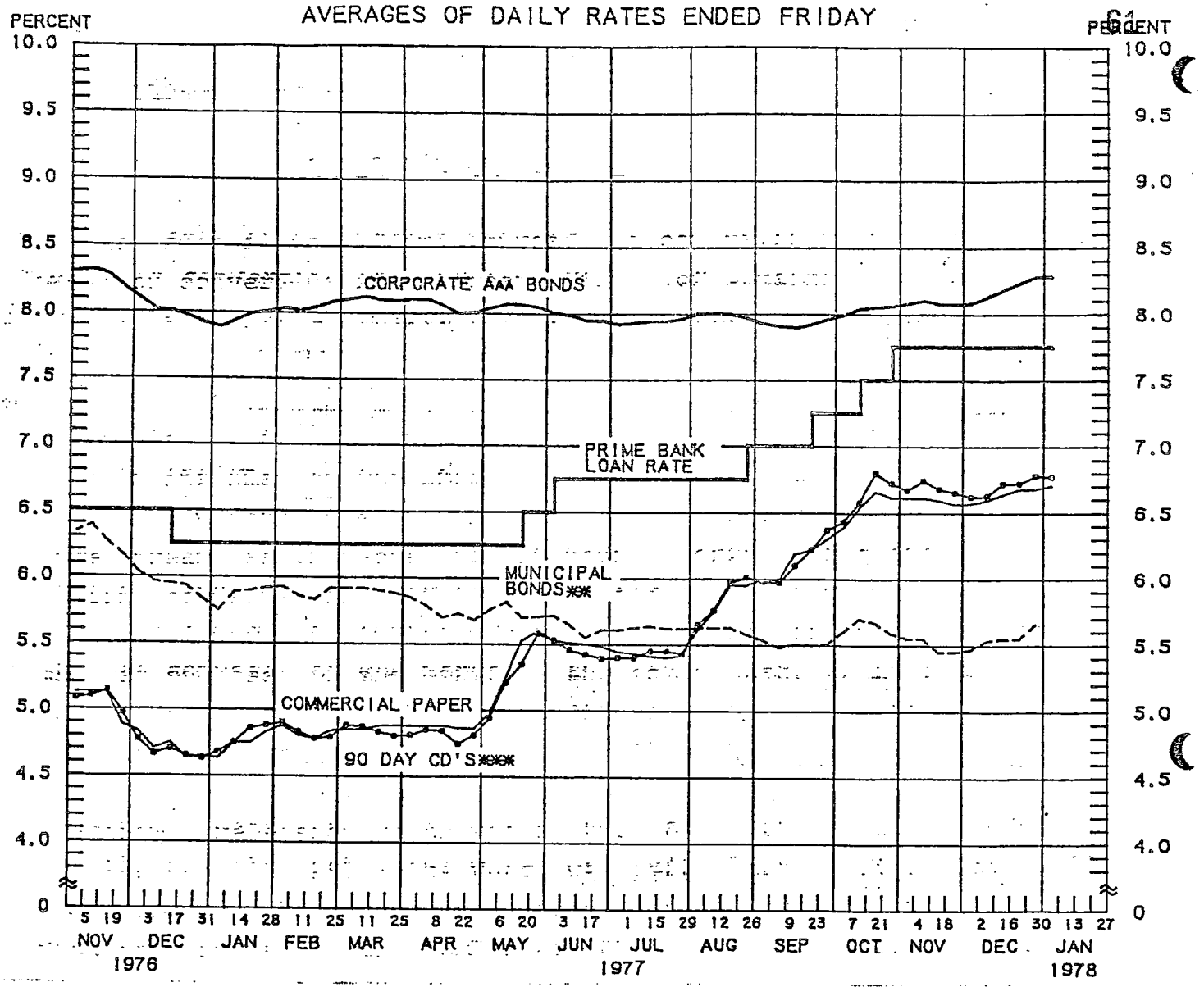
The appraisers have researched the market in order to obtain the necessary information required to utilize that method most commonly employed to measure the present worth of the future benefits of the income stream, as projected for industrial office, research and manufacturing complexes similar to the subject under review. The property residual technique is applied by the utilization of an overall rate which was composed of the mortgage and equity band of investment. In the event of a sale of similar properties, a typical lender would most likely be a commercial bank, insurance company or trust.

The economic recession which was in full swing in the last half of 1974, all of 1975, 1976, and which was still being felt in late 1977 in Montana had less effect on the industrial mortgage market than it did on the commercial and residential oriented lenders.

The industrial lenders base their mortgage rates on the Moody's Investors Service--Corporate AAA Bond Rates. Traditionally, they have provided industrial mortgages for a rate which carried an interest rate of one percent to one and one-half percent over the Moody's AAA Corporate Bond Rates as published. The authors have included in this section of this report, a graph prepared by the Federal Reserve Bank of St. Louis, which displays vividly the stability of the aforementioned rates in contrast to the drastic fluctuations of the prime commercial loan rates.

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JANUARY 6, 1978

1978	90 DAY CD'S ***	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS **
NOV. 4	6.67	6.61	6.69	8.08	5.55
11	6.74	6.61	6.66	8.10	5.55
18	6.68	6.59	6.57	8.07	5.45
25	6.65	6.56	6.51	8.07	5.45
DEC. 2	6.62	6.57	6.46	8.08	5.47
9	6.63	6.60	6.55	8.13	5.54
16	6.72	6.64	6.57	8.18	5.55
23	6.72	6.68	6.65	8.23	5.55
30	6.78	6.68	6.71	8.28	5.66
JAN. 6 *	6.77	6.71	6.71	8.28	N.A.
13					
20					
27					

* AVERAGES OF RATES AVAILABLE.
** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.
N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

INCOME APPROACH (Continued)

Capitalization Rate Analysis (Continued)

The industrial lenders while charging a slightly higher rate during the time period under review, sought to make the effects of the higher rates insignificant by extending the term of the loans to 20 years, however, they also included in the mortgages a ten-year call which would enable them to secure the return of their placed capital in a shorter period should they desire it. These changes in basic industrial mortgage structure were deemed necessary by the industrial lenders who were disenchanted by the high rate of failures and foreclosures in the other mortgage markets.

The equity position investors also were desirous of protecting their investments in their well-secured industrial real estate markets and they were willing to lower slightly the yield to equity in order to obtain stability and tenant financial strength.

The concluded result was a slight reduction in the overall capitalization rate as indicated in this report by the appraisers' overall rate selection and support.

INCOME APPROACH (Continued)

Capitalization Rate Analysis (Continued)

The appraisers have discussed the financing of comparable properties with active, knowlegeable investors and lenders. Assuming competent management and reasonably secure, responsible tenants, at the date of appraisal, a mortgage of 18 to 20 years was available for approximately 70 percent of appraised value with an effective interest rate range of eight and one-half percent to nine and one-half percent. The investor for the equity position would be seeking a cash flow return of 12 to 14 percent on invested equity capital.

Band of Investment

70% Mortgage at 9.50% Interest		
20 Year Term = .11196 Constant (Annual)		
Mortgage:	70% x .11196	7.837%
Equity:	30% x .14	4.200
Overall Rate:		12.037

This capitalization rate is further supported by the capitalization rates extracted from sales within the State of Montana as shown in this and the Market Data Approach sections of this report.

Since no deduction from income has been made for the payment of real estate taxes, a provision for real estate taxes must be included in the capitalization rate. This is accomplished by adding to the overall rate the product of the tax rate times the assessment and tax ratios. The fiscal 1977 tax rate for Flathead County - School District 6 is .181332 mills and the assessment and tax ratios are .40 and .30, respectively.

Therefore:

Effective Tax Rate 1977:	.181332 x .40 x .30	2.1759
Overall Rate		12.037
Total Overall Rate		14.2129
	Rounded To:	14.21%

INCOME APPROACH (Continued)

Process

The income stream for the property can now be converted into value by dividing it by the total overall capitalization rate:

Therefore:

Net Income ÷ Overall Rate = Value	
$58,314 ÷ .1421	$410,373
Rounded To:	$410,000

Value Indication via Income Approach

$410,000

MARKET DATA APPROACH

The Market Data Approach is based on the premise that the informed prudent and rational purchaser (investor or user) applying the principle of substitution will pay no more for a property than the cost to him of acquiring a similar competitive property with the same utility as of the valuation date. The approach is predicated on the assumption that there is, in fact, an active market for the type of property being appraised; and that data on recent sale prices of similar competitive properties on the same market, representing bonafide arms length transactions are an appropriate guide to the market value of the subject property.

Application of the Market Data Approach requires the comparing and rating of other comparable properties to the property appraised. That is, to develop indications of what they would have sold for if they had possessed all of the basic and pertinent physical and economic characteristics of the subject property. Indications of such adjusted sale prices are developed for several comparable sales. These indications hopefully fall into a pattern clustering around one figure which when appropriately rounded provides an indication of the market value of the subject property as of the date of appraisal.

In addition, the Market Data Approach takes into account such important but frequently overlooked market elements as the effect of financing terms on sale prices and sale commissions. Market price is the basic guide to market value in the Market Data Approach. It includes whatever constitutes the cost to the typical informed purchases.

Sales of industrial properties as they appear on the following pages, have been assembled for the purpose of providing a comparative basis for the value estimate of the subject property.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 1

Location:	712 East Front Street Butte, Montana
Date:	January 4, 1972
Grantor:	William J. Egan, et al
Grantee:	Beebe Grain Company
Sale Price:	$40,000
Land Area:	4,320± Square Feet
Building Area:	12,960± Square Feet - Total Area 4,320± Square Feet - Ground Floor Area
Unit Price:	$3.09 per Square Foot of Building Area Including the Land
Comments:	Two-Story Masonry Building; 30 Years Old; Good Office Area; All Floors Heated; One Freight Elevator; Railroad Siding and Truck Dock Loading

MARKET DATA APPROACH (Continued)

Comparable Sale No. 2

Location:	390 Holmes Avenue Butte, Montana
Date:	April 13, 1972
Grantor:	Sigman's
Grantee:	Eugene and JoAnn Spolar
Sale Price:	$45,000
Land Area:	64.126± Acres
Building Area:	15,536± Square Feet
Unit Price:	$2.90 per Square Foot of Building Area Including the Land
Comments:	24' Ceiling Heights; Metal Buildings; Poor Condition Currently leased to Summit Valley Industries, Incorporated. They produce modular homes.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 3

Location:	1025 South Montana Butte, Montana
Date:	June 28, 1973
Grantor:	Fuller-O'Brien
Grantee:	J. Kirby
Sale Price:	$70,000
Land Area:	1± Acre (47,000± Square Feet)
Building Area:	17,920± Square Feet - Total Ground 8,960 Square Feet - Ground Floor Area
Unit Price:	$3.90 per Square Foot of Building Area Including the Land
Comments:	Two-Story Reinforced Concrete and Brick Multi-Purpose Structure Approximately 36 Years Old; All Areas Heated; Sprinklered; Improved Display Area; Rail and Truck Loading Docks

MARKET DATA APPROACH (Continued)

Comparable Sale No. 4

Location:	Arizona Street and Great Northern Railroad Butte, Montana
Date:	March 16, 1973
Grantor:	Great Northern Railroad, Inc.
Grantee:	Cobra Tire Values, Inc.
Sale Price:	$40,000
Land Area:	Two Parcels - 2.99± Acres 2.08± Acres (Rear)
Building Area:	19,389± Square Feet
Unit Price:	$2.06 per Square Foot of Building Area Including the Land
Comments:	General Multi-Purpose Structure; Heavy Construction - Concrete and Brick; Some Buildings - Wooden and Metal; Former Railroad Station and Warehouse

MARKET DATA APPROACH (Continued)

Comparable Sale No. 5

Location:	800 South Wyoming Butte, Montana
Date:	May 1, 1968
Grantor:	Ryan Butte
Grantee:	George Steele Company
Sale Price:	$35,000
Land Area:	1.5± Acres
Building Area:	39,000+ Square Feet - Total Area 9,800± Square Feet - Ground Floor Area
Unit Price:	$.90 per Square Foot of Building Area Including the Land
Comments:	Three-Story Masonry Building; Approximately 70 Years Old; Four Refrigerated Cold Rooms; One Four-Stop Freight Elevator; All Floors Heated; Railroad Siding and Truck Dock Loading

MARKET DATA APPROACH (Continued)

Comparable Sale No. 6

Location:	Butte Industrial Park Butte, Montana
Date:	October 3, 1973
Builder:	Local General Contractors (Various)
Grantor:	Port of Butte
Sale Price:	$582,000
Land Area:	No Land Involved
Building Area:	85,000± Square Feet
Unit Price:	$6.85 per Square Foot of Building Area (Building Only)
Comments:	Insulated Steel Building; Modern Design, 18' Side Wall, 32 Feet at Center; Fully Sprinklered; 20 Overhead Loading Doors; 3,000 SF Air-Conditioned Office Area; Building Totally Heated

MARKET DATA APPROACH (Continued)

Comparable Sale No. 7

(Offering)

Location:	1200 East Front Street Butte, Montana
Date:	Current (February, 1978)
Grantor:	Mell Otto
Asking Price:	$133,800
Land Area:	42,023 Square Feet or .965 Acres
Building Area:	10,725 Square Feet - 22 Percent Office Area
Unit Price:	$12.48
Comments:	Newer one-story lightweight concrete block construction. See Comparable Rental No. 9.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 8
(Offering)

Location:	Front Street Butte, Montana
Date:	Current (February, 1978)
Grantor:	Roberts Rocky Mountain Equipment Company
Asking Price:	$275,000
Land Area:	5 Acres
Building Area:	44,000 Square Feet 3,000 Square Feet - Adjacent Freestanding Building 47,000 Square Feet - Total Area
Unit Price:	$5.85 per Square Foot
Comments:	Two One-Story Buildings; 10 Years Old; Steel on Steel Construction

MARKET DATA APPROACH (Continued)

Comparable Sale No. 9

Location:	2315 11th Avenue South Great Falls, Montana
Date:	June, 1975
Grantor:	Milford Palmer
Grantee:	Ben Reinstein, et al
Sale Price:	$60,000
Land Area:	10,000 Square Feet
Building Area:	4,800 Square Feet
Unit Prices:	$12.50 per Square Foot of Building Area Including the Land
Comments:	One-Story Steel Framed Metal Building

MARKET DATA APPROACH (Continued)

Comparable Sale No. 10

Location:	807 2nd Street South Great Falls, Montana
Date:	March 5, 1976
Grantor:	A & I Distributing Company
Grantee:	Robert & Shirley Burtchard
Sale Price:	$48,000
Land Area:	7,500 Square Feet
Building Area:	5,000 Square Feet
Unit Price:	$9.60 per Square Foot of Building Area Including the Land
Comments:	One-story lightweight, steel framed, masonry structure which shares a party wall with adjoining building to the north. Interior is divided into warehouse and shop areas. Building has small office area. See Comparable Sale No. 11.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 11

Location:	807 Second Street South Great Falls, Montana
Date:	July, 1977
Grantor:	Robert and Shirley Burtchard
Grantee:	Joanna's Ceramic Supply
Sale Price:	$70,000
Land Area:	7,500 Square Feet
Building Area:	5,000 Square Feet
Unit Price:	$14.00 per Square Foot of Building Area Including the Land
Comments:	Resale of Comparable Sale No. 10.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 12

Location: 800 Thirteenth Avenue South
Great Falls, Montana

Date: Under Contract December, 1977

Grantor: N/A

Grantee: Del Voeghle, et al

Sale Price: $75,000

Land Area: 16,500 Square Feet

Building Area: 6,000 Square Feet

Unit Price: $12.50 per Square Foot of Building Area Including the Land

Comments: Two steel framed metal buildings with overhead garage doors designed for use as an automobile service center.

Property was leased at time of sale at an annual net rental of $8,100.

Extraction of Overall Capitalization Rate

Net Income		Sale Price		Overall Cap. Rate
$8,100	÷	$75,000	=	10.8%

See Comparable Rental No. 12.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 13

Location:	404-420 Third Avenue South Great Falls, Montana
Date:	June, 1976
Grantor:	Rooney
Grantee:	Montana Hatcheries
Sale Price:	$80,000
Land Area:	15,000 Square Feet
Building Area:	12,500 Square Feet
Unit Price:	$6.40 per Square Foot of Building Area Including the Land
Comments:	One-story concrete block building with 6,250 square foot cold storage area. Balance of space includes office, shop and warehouse sections. When Montana Hatcheries purchased the property, Pepsi-Cola Bottling Company had several months remaining on its lease. After Pepsi-Cola vacated the premises, Montana Hatcheries was denied a variance for its intended use of the property as a mill. The property has been on the market since January, 1977 at $85,000 ($6.80 per square foot).

MARKET DATA APPROACH (Continued)

Comparable Sale No. 14

Location:	317 Second Street South Great Falls, Montana
Date:	August, 1975
Grantor:	Yeoman Realty
Grantee:	A&I Distributors of Great Falls
Sale Price:	$58,600
Land Area:	20,400 Square Feet
Building Area:	15,000 Square Feet
Unit Price:	$3.91 per Square Foot of Building Area Including the Land
Comments:	Older two-story brick warehouse with a rear shipping dock and some finished office space.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 15

Location:	38th Street and North River Road Great Falls, Montana
Date:	Late 1976
Grantor:	Thomas Mather Associates
Grantee:	Patrick Paul
Sale Price:	$185,000
Land Area:	5.08 Acres
Building Area:	30,000 Square Feet
Unit Price:	$6.17 per Square Foot of Building Area Including the Land
Comments:	Modern insulated metal, steel framed, industrial building with 24' ceiling height, overhead cranes and concrete radiant heated floors. Located in a modern industrial area with excellent vehicular access. Site is served by rail. Property leased at time of sale for $36,000 net per annum.

Extraction of Overall Capitalization Rate

Net Income		Sale Price		Overall Cap. Rate
$36,000	÷	$185,000	=	19.45%

See Comparable Rental No. 14.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 16

Location:	Southwest Corner of Second Street South and Second Avenue South Great Falls, Montana
Date:	January, 1977
Grantor:	Divine and Asseltine
Grantee:	Guy Marble
Sale Price:	$129,500
Land Area:	19,500 Square Feet
Building Area:	31,500 Square Feet
Unit Price:	$4.11 per Square Foot of Building Area Including the Land
Comments:	Corner property with outside rail dock on 2nd Street is comprised of two attached building structures. Main building is a two-story and basement brick warehouse with a freight elevator. Smaller building is one-story brick and tile warehouse with dock height floor and indoor loading area.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 17

Location:	401-409 Catlin Missoula, Montana
Date:	June, 1976
Grantor:	Bossard, Maddux & High
Grantee:	Consolidated Services (Ron A. Bowler)
Sale Price:	$100,000
Land Area:	16,800 Square Feet
Building Area:	8,100 Square Feet
Unit Price:	$12.35 per Square Foot of Building Area Including the Land
Comments:	Single-story steel framed metal structure with 20' height used entirely as warehouse space.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 18

Location: 936 Strand
Missoula, Montana

Date: December, 1977

Grantor: Val Holms

Grantee: Edward Flink

Sale Price: $187,000

Land Area: 20,820 Square Feet

Building Area: 9,600 Square Feet

Unit Price: $19.48 per Square Foot of Building Area Including the Land

Comments: Modern metal Varco building improved with retail and warehouse space.

Property leased to Missoula Motor Parts at time of sale at an annual net rental of $19,075 per annum.

Extraction of Overall Capitalization Rate

Net Income		Sale Price		Overall Cap. Rate
$19,075	÷	$187,000	=	10.2%

See Comparable Rental No. 20.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 19

Location:	3110 South Reserve Street Missoula, Montana
Date:	September, 1975
Grantor:	Reserve Street Builders
Grantee:	Guardian Land Company
Sale Price:	$159,000
Land Area:	28,575 Square Feet
Building Area:	15,000 Square Feet
Unit Price:	$10.60 per Square Foot of Building Area Including the Land
Comments:	One-story steel framed concrete block warehouse building and showroom. Leased at time of sale at gross annual rental of $19,200.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 20

Location:	1600 North Avenue West Missoula, Montana
Date:	August, 1976
Grantor:	First Bank of Boston
Grantee:	Western Broadcasting
Sale Price:	$735,000
Land Area:	6.39 Acres
Building Area:	144,000 Square Feet
Unit Price:	$5.10 per Square Foot of Building Area Including the Land
Comments:	Predominately single-story, steel framed block and brick, light manufacturing, storage and distribution facility with rail. Structure needed roof repairs and maintenance estimated between $250,000 and $275,000.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 21

Location:	402 South 28th Street Billings, Montana
Date:	November, 1977
Grantor:	Steven Vavra
Grantee:	Donald Huard and David Veder
Sale Price:	$93,500
Land Area:	9,240 Square Feet
Building Area:	7,350 Square Feet
Unit Price:	$12.72 per Square Foot of Building Area Including the Land
Comments:	Single-story brick structure, 10' high with 6,824 square feet of warehouse and 526 square feet of office area. Building is approximately 25 years old and has been continuously leased to Gates Rubber Company. The present term of the lease expires August 31, 1978. The annual rental at the time of sale amounted to $14,700. The landlord is required to pay only taxes under the terms of the lease, which at the time of sale amounted to $867.25 per annum.

Extraction of Overall Capitalization Rate

Net Income		Sale Price		Overall Cap. Rate
$13,833	÷	$93,500	=	14.79%

MARKET DATA APPROACH (Continued)

Comparable Sale No. 22

Location:	1430 Highway 37 East Lockwood (Billings), Montana
Date:	October, 1976
Grantor:	Billings Tank, Incorporated
Grantee:	Beall, Incorporated
Sale Price:	$266,000
Land Area:	5.519 Acres
Building Area:	15,799 Square Feet
Unit Price:	$16.83 per Square Foot of Building Area Including the Land
Comments:	One-story steel framed, corrugated metal structure containing an office and shop area. The land is subject to a 40 foot ditch easement which affects approximately 1 acre. Parcel is irregular in shape and is above road grade. Available utilities include water, gas, electricity and telephone.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 23

Location:	520 Charles Street Billings, Montana
Date:	February, 1978
Grantor:	Kraft Company
Grantee:	Gordon Volte and B & B Cold Storage, Inc.
Sale Price:	$255,000
Land Area:	80,000 Square Feet
Building Area:	23,361 Square Feet
Unit Price:	$10.92 per Square Foot of Building Area Including the Land
Comments:	One-story masonry structure containing 18,511 square feet of warehouse space and 2,610 square feet of offices. 4,294 square feet of the warehouse area is comprised of refrigerated space. The main structure contains three loading areas. Two metal yard buildings containing 960 square feet and 1,280 square feet are situated along the southern end of the site.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 24

Location:	108 Moore Lane Billings, Montana
Date:	November, 1977
Grantor:	Save Way Gas Company
Grantee:	ITT Grinell-National Temperature Control Division
Sale Price:	$240,000
Land Area:	45,000 Square Feet
Building Area:	35,640 Square Feet
Unit Price:	$6.73 per Square Foot of Building Area Including the Land
Comments:	Single-story corrugated metal structure in good condition.

MARKET DATA APPROACH (Continued)

Comparable Sale No. 25

Location:	1645 Belknap Avenue Billings, Montana
Date:	August, 1977
Grantor:	Gamble-Skogmo, Incorporated
Grantee:	Motor Parts Warehouse
Sale Price:	$800,000
Land Area:	10.16 Acres Includes 5 Acres of Additional Land
Building Area:	72,500 Square Feet
Unit Price:	$11.03 per Square Foot of Building Area Including the Land
Comments:	Concrete block, light industrial building constructed in 1956 and 5,500 square feet air conditioned office and service area. Warehouse and shop area has suspended gas-fired space heaters, five railroad and five truck loading docks plus two drive-in truck doors. Gamble-Skogmo had been occupying the property under a sale leaseback with Prudential Insurance Company entered in 1956 for an initial 26 year term expiring in 1982 at an annual net rental of $.35 per square foot ($25,375) and with 5 five year renewals at annual net rentals of $.15 per square foot ($10,875). Gamble-Skogmo exercised a purchase option in the lease and acquired title to the premises and 133,000 square feet of land from Prudential in July, 1977 for $290,000.

MARKET DATA APPROACH (Continued)

The subject contains a total of 51,192 square feet of building area in an 11-year old structure on 8.42 acres of land. The structure is of masonry construction and contains an interior rail siding.

An investigation of the industrial real estate market in the Columbia Falls/Kalispell area did not reveal any sales of industrial property. Further, in analyzing the industrial real estate market in the industrialized centers of the state, it was observed that the unit sale prices had a direct bearing on the amount and type of industrial activity conducted as well as the size and construction of the structure.

Each of the sales has been analyzed with regard to the subject on the basis of physical condition, functional utility and with regard to the availability of rail transportation.

Based upon the foregoing, it is the opinion of the appraisers that the unit value of the subject property as of January 1, 1978 is $10.00 per square foot of building area including the land.

Therefore:

51,192 SF @ $10.00 per SF	$511,920
Rounded To:	$512,000

Value Indication Via Market Data Approach

($512,000)

RECONCILIATION AND VALUE CONCLUSIONS

The three approaches to value have produced the following conclusions:

Cost Approach	$529,000
Income Approach	$410,000
Market Data Approach	$512,000

The Cost Approach, which normally sets the upper limit of value, was developed after determining local construction costs from discussions with the plant engineer of the subject property, by reference to national valuation manuals, and from the appraisers' first-hand experience in the building trades. The unit costs applied were derived to include the current costs for labor, materials, profit, and overhead. Depreciation allowances were taken for physical deterioration and functional and economic obsolescence.

The appraisers have included on the following page an analysis of the depreciation taken in the Cost Approach by capitalizing the rent loss and comparing it to the depreciation taken. This analysis is based on the known replacement cost, which if the buildings were new as of the date of value, would require a net income equivalent to the overall rate. The amount by which the net income requirement exceeds the known economic net income, when capitalized, represents the loss in value since there is insufficient net income to support this value.

RECONCILIATION AND VALUE CONCLUSIONS (Continued)

Depreciation Substantiation

Reproduction Cost - Buildings		$ 764,273
Reproduction Cost - Site Improvements		109,828
Total Reproduction Cost		$ 874,101
Land Value		12,600
Total Investment		$ 886,701
Overall Rate	14.21%	
Net Income Requirement $886,701 x .1421	$126,001	
Less Economic Net Income	58,314	
Rent Loss		$ 67,687
Capitalized Value of Rent Loss $67,687 x .1421		$ 476,334

Comparison with Cost Approach

Total Replacement Cost	$874,101	
Less Depreciated Value of Improvements	516,291	
Total Depreciation From All Sources		$ 357,810

Conclusion:

The depreciation taken in the Cost Approach is substantiated, since the capitalized rent loss exceeds the depreciation by $118,524.

RECONCILIATION AND VALUE CONCLUSIONS (Continued)

In the Income Approach an economic rental was utilized in order to derive the hypothetical income estimate for the property. The conjectural rental is calculated at the current market. The majority of comparable industrial facilities are being leased on a net basis and that is the approach utilized in the report. The capitalization rate selected is indicative of the returns sought by investors in the market. However, facilities the age and size of the subject are sold rather than leased and consequently less reliance was placed on the Income Approach.

The Market Data Approach relies heavily on the principle of substitution which affirms that no prudent person will pay more for a property than it will cost to buy a comparable substitute property. The price that a typical purchaser pays is usually the result of an extensive shopping process in which he is constantly comparing available alternatives. In the report the Market Data Approach has been well documented and is of primary significance since facilities such as the subject are sold on the open market. This approach is most relevant since the purpose of the assignment was to determine market value, i.e., the highest price that the property will bring in an open and competitive market.

Therefore, the appraisers have concluded that the fair market value of the subject property, as of January 1, 1978, is:

FIVE HUNDRED TWELVE THOUSAND DOLLARS
($512,000)

Allocated as follows:

Land	$ 12,600
Improvements	499,400
Total	$512,000

QUALIFICATIONS OF APPRAISER

PAUL D. ROBERTS, C.T.A. Senior Vice President

EDUCATIONAL BACKGROUND

Fairleigh Dickinson University
Bachelor of Science Degree in Accounting
Graduated Magna Cum Laude

American Institute of Real Estate Appraisers
Basic Principles, Methods and Techniques (1-A)
Middlesex College, New Jersey
Capitalization Theory and Techniques (1-B)
Middlesex College, New Jersey

International Association of Assessing Officers
Cost Approach to Value - Programmed Course
Income Approach to Value - Programmed Course

PROFESSIONAL AFFILIATIONS - LICENSES

New Jersey Certified Tax Assessor

International Association of Assessing Officers, Subscribing Member

Canadian Property Tax Agents Association, Incorporated

Northeast Regional Association of Assessing Officers

Institute of Property Taxation

EXPERIENCE

Presently employed as Senior Vice President for International Appraisal Company, Incorporated.

QUALIFICATIONS OF APPRAISER (Continued)

PAUL D. ROBERTS, C.T.A.

EXPERIENCE (Continued)

For the past seven years, engaged in the appraisal of residential, commercial, and industrial real estate.

Has appraised homes, vacant land, garden and high-rise apartments, office buildings, commercial buildings, industrial parks, manufacturing plants and warehouses, and shopping centers. Has also appraised personal property (machinery and equipment, furniture and fixtures) and leasehold interests.

Has testified as an expert before various County or City Boards in: California, Connecticut, District of Columbia, Georgia, Iowa, Kentucky, Maryland, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, Ohio, Pennsylvania and Tennessee and before the former Michigan State Tax Commission.

Has lectured on appraisal topics before various associations.

QUALIFICATIONS OF APPRAISER

RICHARD A. KULMAN, I.F.A.S., C.R.A.

Senior Appraiser

EDUCATIONAL BACKGROUND

B. A., Hunter College, City University of New York

M.B.A., (Real Estate) Baruch College, City University of New York

American Institute of Real Estate Appraisers
- Course I - Appraisal Theory and Practice
- Course II - Urban Properties
- Course VI - Investment Analysis

School of Mortgage Banking, Mortgage Bankers Association
- Course I

New York University (Real Estate Institute)
- Construction Lending

Pace College, New York
- Real Estate Certificate

National Association of Independent Fee Appraisers
- Instructors Certification Course

PROFESSIONAL AFFILIATIONS

National Association of Independent Fee Appraisers, Senior Member, I.F.A.S.

National Association of Review Appraisers, Senior Member, C.R.A.

New York State Society of Real Estate Appraisers

The Real Estate Board of New York

American Society of Appraisers (Associate Member)

American Institute of Real Estate Appraisers (Candidate)

Licensed Real Estate Broker, State of New York

QUALIFICATIONS OF APPRAISER (Continued)

RICHARD A. KULMAN, I.F.A.S., C.R.A.

FACULTY POSITION

Adjunct Lecturer, Real Estate; Baruch College, City University of New York, (1972-Present)

Instructor for all undergraduate courses in elementary and advanced real valuation and appraisal. Have also taught courses in real estate finance and principles of real estate.

EXPERIENCE

Presently engaged as Senior Appraiser of International Appraisal Company, Incorporated.

Began real estate career with the Metropolitan Life Insurance Company in 1962 and became active as an appraiser of income properties in 1967. Joined Sonnenblick - Goldman Advisory Corporation, in 1971, and as Assistant Vice President and Senior Appraiser was in charge of the Appraisal Department. Associated with the National Bank of North America as Vice President in early 1975. Formed own real estate appraisal and consulting firm in mid 1975, and prepared appraisals and market studies for various institutional lenders, private investors, relocation companies, attorneys and other appraisers. Have also acted as a valuation consultant in connection with a major bank's REIT asset swap program.

QUALIFICATIONS OF APPRAISER (Continued)

RICHARD A. KULMAN, I.F.A.S., C.R.A.

EXPERIENCE (Continued)

Professional experience includes appraisals on various types of properties, including garden, mid- and high-rise apartments, condominium developments, office buildings, shopping centers, industrial buildings, taxpayers, single family dwellings and vacant land along with such specialty properties as parking garages, hospitals, nursing homes, motels, hotels, tennis courts, etc.

Qualified and testified as a real estate expert before various Tax Appeal Boards in New Jersey and Massachusetts.

QUALIFICATIONS OF APPRAISER

JOSEPH P. RICH
SENIOR APPRAISER

EDUCATIONAL BACKGROUND

Herkimer County Community College; Herkimer, New York
Social Science - 1969

Computer Business Machine School; Utica, New York
Graduated - 1970

Society of Real Estate Appraisers
Courses - 101 - Appraisal Methods and Techniques
201 - Appraisal of Income Properties and Investment Analysis

University of Connecticut
Real Estate Principals and Practices
Appraisal I

Have attended various A.I.R.E.A. and S.R.E.A. seminars and conferences.

EXPERIENCE

Presently engaged as a Senior Real Estate Appraiser for International Appraisal Company.

Began real estate career with the J. M. Cleminshaw Company in 1970. This association covered a span of two years. During this period worked under regional supervisor, during the latter half as a job supervisor and assisted in setting up revaluation programs for various communities. Appraised real property for tax purposes.

QUALIFICATIONS OF APPRAISER (Continued)

JOSEPH P. RICH
SENIOR APPRAISER

EXPERIENCE (Continued)

Formerly a Senior Appraiser for the John F. Rowlson Company, a real estate appraisal and consulting firm located in central Connecticut.

Experience in the appraisal of residential, commercial and industrial properties along with specialty-type properties, such as sand and gravel pits, stone quarries, recreational campgrounds, mobile home parks, planned unit developments, condominiums, condominium office buildings, medical office buildings and nursing homes.

Have performed numerous feasibility, marketability and highest and best use studies. Have also performed cash flow analysis on various types of income-producing properties, business valuations and the appraisal use of regression analysis.

Qualified and testified as a real estate expert before various local courts and tax appeal boards in Connecticut.

PARTIAL LIST OF CLIENTS

Banks and Leasing Companies

Industrial National Bank of Rhode Island, New Jersey Bank, DPF, Inleasing, Leasco, Stratford Leasing, Terryphone

Chemicals and Pharmaceuticals

Becton-Dickinson, Bristol-Meyers, BP Oil, Ciba Geigy, Colgate-Palmolive, E.I. DuPont DeNemours, Johnson & Johnson, Lever Brothers, Olin, Pharmacia, PPG, Helena Rubinstein, E.R. Squibb & Sons, Sun Chemical, Valspar

Consumer Goods - Apparel, Shoes, Etc.

American Home Products, Adorence, Aurora, Drug Guild, Electrolux, Genesco, Kinney Shoes, Miller Wohl, Morton Shoes, National Shoes, Panasonic, Pierre Cardin, SCOA, Stride-Rite, Tucker Knits, Wilroy, Vera, Yves St. Laurent

Food

American Bakeries, Borden, Continental Baking, Falstaff, General Host, Goya, H.J. Heinz, Hills Brothers, Nabisco, Oscar Mayer, Schaefer, Joseph E. Seagram, Van Munchin

Hotel/Motel, Restaurants

Del Webb, Dutch Inns, Holiday Inns, Howard Johnson's, International House of Pancakes, Marriott, Ramada Inns, Royal Inns, Sheraton, Traveloge

PARTIAL LIST OF CLIENTS (Continued)

Manufacturers, Conglomerates

Addressograph-Multigraph, Amerace Esna, American Standard, AMF, Bausch & Lomb, Bendix, Boeing, Boise Cascade, Burroughs, Cargil, CBS, Coats & Clark, Crane, Delaval, Facet, Federal Paper Board, General Cable, Globe Union, B.F. Goodrich, Greenville Tube, Gulf+Western, Harnischfeger, Houdaille, Inmont, International Telephone & Telegraph, Jim Walter, Joy, Kaiser Gypsum, Keene, Litton, Marquette, NCR, Owens-Illinois, Pitney Bowes, Richardson-Merrill, Teledyne, 3M, Transamerica, Walter Kidde, Westvaco, Weyerhaeuser, U.S. Industries, VWR United, Xerox

Metals

ALCAN, ALCOA, ALUMAX, Anaconda, Jones & Laughlin Steel, Latrope Steel, Reynolds Metals, Wheeling-Pittsburgh Steel

Real Estate Investment

Arlen, Cardston, Delco Development, M. Fluss, Goodrich, Gould, Hartz Mt. Industries, Harv Real, Harvrich, Investment Corporation of America, Kimco, MaceRich, Philadelphia Mortgage Trust, Prudent Real Estate Trust, Resnick & Sons, United National, U.S.I.F.

Retail

A&P, Benner Tea, Borman's, Cook United, David Shops, Daylin, Edison Brothers, Finast, Gaylords National, Grand Union, Jubilee Shops, Korvette's, S.S. Kresge, Kress, Lane Bryant, Lerner Shops, Levitz Furniture, Lyle Stewart, May Company, Montgomery Ward, Neisner Brothers, J.C. Penney, Petrie Stores, Stop & Shop, Supermarkets General, Woodward & Lothrop, F.W. Woolworth, Zayre's